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MATTHIAS W. BALDWIN, FOUNDER
1831

ANNUAL REPORT
1943

THE
BALDWIN LOCOMOTIVE WORKS

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THIRTY-THIRD ANNUAL REPORT

THE
BALDWIN LOCOMOTIVE WORKS
PHILADELPHIA, PA.



LOCOMOTIVE AND ORDNANCE DIVISION
STANDARD STEEL WORKS DIVISION
BALDWIN SOUTHWARK DIVISION
CRAMP BRASS AND IRON FOUNDRIES DIVISION
BALDWIN DE LA VERGNE SALES CORPORATION
THE PELTON WATER WHEEL COMPANY
THE WHITCOMB LOCOMOTIVE COMPANY

December 31, 1943

THE BALDWIN LOCOMOTIVE WORKS

Incorporated under the Laws of the Commonwealth of Pennsylvania

VOTING TRUSTEES

PHILIP C. STAPLES, Chairman

ARNOLD BERNHARD
WM. FULTON KURTZ

ROBERT C. SHIELDS
JOHN B. THAYER

DIRECTORS

ARNOLD BERNHARD
CHARLES E. BRINLEY
*JOHN W. CONVERSE
JOSEPH N. EWING
HARRY L. FREVERT
WILLIAM H. HARMAN
EDWARD HOPKINSON, JR.
RALPH KELLY
RICHARD T. NALLE
**JEROME PRESTON
ROBERT C. SHIELDS
JAMES M. SKINNER
CHARLES L. STILLMAN

New York, N. Y.
Chestnut Hill, Pa.
Rosemont, Pa.
Valley Forge, Pa.
Philadelphia, Pa.
Merion, Pa.
Chestnut Hill, Pa.
Philadelphia, Pa.
Philadelphia, Pa.
Boston, Mass.
Detroit, Mich.
Philadelphia, Pa.
New York, N. Y.

*Deceased October 1, 1944.

**Absent with the Armed Forces of the United States.

EXECUTIVE COMMITTEE

EDWARD HOPKINSON, JR., Chairman

ARNOLD BERNHARD
CHARLES E. BRINLEY
JOSEPH N. EWING

HARRY L. FREVERT
RICHARD T. NALLE
ROBERT C. SHIELDS

GENERAL OFFICERS

CHARLES E. BRINLEY
RALPH KELLY
FRANK K. METZGER
J. TYSON STOKES
W. HORACE HOLCOMB
CHARLES E. ACKER
CARLOS F. NOYES

Chairman of the Board
President
Vice-President in Charge of Sales
Vice-President—Legal Department
Vice-President—Industrial Relations
Secretary and Treasurer
Comptroller

DIVISIONAL MANAGERS

Lewis W. Metzger, Divisional Vice-President Locomotive and Ordnance Division
John D. Tyson, Divisional Vice-President Standard Steel Works Division
Frederick G. Schranz, Divisional Vice-President Baldwin Southwark Division
James J. Nelson, Divisional Vice-President Cramp Brass & Iron Foundries Division
Harold V. Huleguard, Vice-President and General Manager The Whitcomb Locomotive Company
Frank R. Kohnstamm, General Manager The Pelton Water Wheel Company

GENERAL COUNSEL

MORGAN, LEWIS & BOCKIUS
Philadelphia

GENERAL OFFICES AND PLANT

AT

BALDWIN, EDDYSTONE, PENNSYLVANIA

TRANSFER AGENT

Common Stock, \$13 Par Value
Voting Trust Certificates Representing Same

IN PHILADELPHIA:

Fidelity-Philadelphia Trust Company
135 South Broad Street

IN NEW YORK:

Bankers Trust Company, 16 Wall Street

Preferred Stock, 7% Cumulative, \$30 Par Value
Warrants for the Purchase of \$13 Par Value Common Stock

IN PHILADELPHIA:

Drexel & Co., 15th and Walnut Streets

IN NEW YORK:

J. P. Morgan & Co. Incorporated, 23 Wall Street

REGISTRARS

Preferred Stock, 7% Cumulative, \$30 Par Value
Common Stock, \$13 Par Value
Voting Trust Certificates Representing Same

IN PHILADELPHIA:

The Pennsylvania Company for Insurances on Lives and Granting Annuities
15th and Chestnut Streets

IN NEW YORK:

Guaranty Trust Company of New York
140 Broadway

TO THE SHAREHOLDERS:

This report supplements and replaces the Preliminary Report issued under date of March 6, 1944. The results of the Company's operations now shown herein are after renegotiation of war contracts under the terms of the Renegotiation Act, and are thus comparable with the figures given in the Annual Report to the Shareholders for the year 1942. The delay in the issuance of this final report is because the conclusion of an agreement between the Company and the Government of the United States concerning renegotiation of war contracts for the year 1943 has but recently been reached.

OPERATIONS AND PRODUCTION

The productive operations of the Company during the year 1943 were much the same as in the year 1942, except as greater efficiency, increased personnel, and an improved organization united to create a substantial expansion in volume of sales, combined, nevertheless, with a continued maintenance of high standards in quality of work. This excellence in the performance of the Company's contracts was recognized early in the year by the United States Government, our largest customer, and the employees of all divisions of the Company located at Eddystone were honored on March 20, 1943, by the award of the Army-Navy "E". Notice of the award was given in a letter from Honorable Robert P. Patterson, Under Secretary of War, and formal presentation ceremonies were held on April 16th in the presence of about 16,000 employees and a number of distinguished guests.

As a consequence of the task imposed by the demand for the sharp increase in production which was effected during the year, it was found necessary to buy new equipment, to rearrange a number of important facilities and to alter and transfer the activities of certain shops. All of this involved careful advance planning, required a great deal of engineering supervision, and the expenditure of considerable sums of money. This work was, nevertheless, undertaken without hesitation because the Management of your Company has recognized as a first duty the obligation to support

the Government of the United States to the utmost of its ability in its capacity as a supplier of the needs of the armed forces.

The Company's facilities are varied and extensive, and its products cover a wide range. Throughout the year military tanks of three sizes and patterns constituted one principal article of production. Steam locomotives, including a considerable number for the United States Army and some others for shipment abroad under "Lend-Lease", provided another production group of major importance. Diesel electric locomotives, constructed at the Eddystone plant and at the plant of The Whitcomb Locomotive Company, have also been made in substantial volume; as well as diesel engines for the Army and Navy. In the Foundry Division, a new record was set in the production of manganese bronze propellers for the Navy and for cargo vessels; and in November that Division was awarded the Maritime Commission "M" for exceptional and meritorious performance. Baldwin Southwark Division's activities have been chiefly represented by the usual variety of heavy machinery, such as hydraulic turbines, plate planers, bending rolls, and hydraulic presses, as well as by a large number of Baldwin-Tate-Emery testing machines of many designs and sizes. Considerable orders were also taken for steering mechanisms for vessels for the United States Navy. Standard Steel Works Division at Burnham, Penna., operated on capacity schedules throughout the year. Its products include steel castings and steel forgings, rough, semi-finished and finished; and rolled steel tires and wheels. This Division was the recipient of the Navy "E" in September, 1941, and has since then been awarded four stars for continued excellence in its work.

A good report can also be made concerning the operations of the Company's two wholly owned subsidiaries. Both of these companies have shown admirable results with unusually large billings. The Pelton Company proved its initiative by expanding operations into the marine field; and the performance of the Whitcomb Company was notable, in that it undertook exceptionally heavy commitments for the construction of diesel electric locomotives for

foreign shipment and fulfilled all of its obligations as to both quality and quantity of product.

During 1943 orders were received by Baldwin and released by the War Production Board for manufacture of 2,021 steam locomotives, and 647 were completed and shipped. Orders for 343 diesel electric switching locomotives were received with shipments of 272.

Total unfilled orders on the Company's books at the beginning of the year 1943, were \$451,572,668. The comparable figure for January 1, 1944, is approximately \$250,000,000 after adjustments to include certain cancellations, some of which were received subsequent to January 1, 1944, but before the publication of this Report. The reduction in amount of unfilled orders is principally accounted for by the completion of some orders for military tanks and by the cancellation of others, together with a substantial cut-back in orders for United States Army locomotives.

The volume of total billings of the Company and its wholly owned subsidiaries for the year 1943, adjusted as the result of renegotiation, was \$221,545,903 compared with billings of \$167,259,141 for the year 1942, an increase of 32.5%. The total number of all employees, in the Baldwin group, increased from 17,459 on January 1, 1943, to 20,095 on December 31st of the same year. The total compensation paid to all employees in 1943 was \$59,201,670; the cost of materials and supplies purchased was \$142,021,686; and provision for taxes, amounted to \$17,660,060, including Social Security Taxes, \$2,113,448, Federal Income and Excess Profits Taxes net of post war refund credit, \$13,669,000, and Pennsylvania Income Tax, \$641,500. Provision for Federal Income and Excess Profits Taxes alone is equal to \$10.73 per share of the Company's common stock outstanding on December 31, 1943, and provision for all taxes is equal to \$13.86 per share.

To the extent permitted under wartime conditions, the Management is carrying on an orderly and continuing study of possible post-war activities and diversification of products.

The usual social services maintained by the Company were continued. These include the dispensary and dental clinic, with additional first-aid stations in the larger and more isolated shops, the restaurant, the cafeteria, and shop canteens, and the employees' magazine.

PLANT AND FACILITIES

During the year the Company has continued its policy of modernization by major improvements in its physical equipment. These improvements and additions, which included no new buildings of consequence, consisted for the most part of new and more appropriate tools for the Company's shops, as well as certain rearrangements of facilities to provide greater efficiency and a more orderly flow in the production sequence. At Standard Steel Works Division modern boilers were installed, replacing old boilers which were both uneconomical and inadequate to carry the heavy load imposed by today's capacity operations. For all improvements charged to Property, Plant and Equipment, your Company spent the sum of \$2,987,253, which exceeded the depreciation and amortization applicable to the year by 65%. The cost of emergency facilities covered by certificates of necessity which permit amortization over a five-year period or less, depending upon the date of termination of the emergency, was \$2,468,574. Regular maintenance, chargeable to Expense Account, was carried on as usual in a degree sufficient to keep the various items of the Company's property in good working order.

Insurance to protect the property and personnel of the Company against ordinary and unusual hazards has been fully maintained.

During the year two parcels of the Company's unused real estate in the City of Philadelphia were sold for which settlement was made principally in cash. The sale of a third parcel, including an eight story concrete building, was also negotiated, but before settlement, the Navy Department condemned the property for immediate use. This fact resulted in a claim for damages by the tenant against the Government of the United States and raised other questions which can only be determined by a final decision of the court. Settlement for the property is necessarily postponed pending the court's decision.

PERSONNEL

On April 1, 1943, Charles E. Brinley, formerly President of the Company, was elected to the newly created office of Chairman of the Board, and Ralph Kelly, formerly Executive Vice-President, was elected President. On the same date, Lewis W. Metzger was elected Divisional Vice-President in Charge of Locomotive & Ordnance Division. On January 27, 1944, James J. Nelson was elected Divisional Vice-President of the Cramp Brass & Iron Foundries Division, and W. Horace Holcomb, Vice-President in Charge of Industrial Relations. William H. Harman, formerly Vice-President in Charge of Sales, resigned and left the Company on May 1, 1943, to become President of another important industrial concern, but continued as a member of the Board of Directors.

With great regret we record the death on August 2, 1943, of Conrad N. Lauer, a member of the Board of Directors and of the Executive Committee. To fill the vacancy created by Mr. Lauer's death, Richard T. Nalle was elected a director. Mr. Nalle, who is Vice-President and Production Plant Manager of Henry Disston & Sons, Inc., of Philadelphia, was also elected a member of the Baldwin Executive Committee.

Throughout the year the executive staff and all other employees worked together cooperatively in an endeavor to meet the heavy production schedules undertaken by the Company to fill the needs of the armed forces of the United States as well as to provide substantially for the requirements of the Allies. The Labor-Management Committee met periodically throughout the year with increasing success. Since the beginning of the war, until January 1, 1944, 6,158 persons left the Company to enter the service of their country.

EARNINGS AND FINANCE

Shareholders were informed in the Annual Report for the year 1942 that a Regulation V Loan had been negotiated with a number of Philadelphia and New York banks which afforded a revolving line of credit up to \$20,000,000 during the period ending January 31, 1946. Of this available sum a total of \$14,000,000 was borrowed by the Company during the year 1943, the proceeds of

which were used to provide general working capital for the financing of war production contracts. Protection is afforded to the Company under the terms of the said Regulation V Loan agreement in the event of substantial cancellation of war contracts.

The consolidated results of the operation of Baldwin and its wholly owned subsidiaries for the years 1943 and 1942 after renegotiation of war contracts, are summarized as follows:

	1943	1942
Sales.....	\$221,545,903	\$167,259,141
Profit before provision for income and other taxes, depreciation, amortization of emergency facilities, and interest.....	24,700,685	23,636,521
Taxes on income and other taxes....	17,660,060	16,164,329
Depreciation.....	1,415,915	1,406,678
Amortization of emergency facilities.	382,868	182,900
Interest.....	401,685	566,270
Net profit for the year.....	4,840,157	5,316,344
Provision of reserve for contingencies.	—	800,000
Balance of net profit transferred to surplus.....	4,840,157	4,516,344

In considering the results of the year 1943 in comparison with those of 1942, two facts should be understood; first, that the amount of low profit cost-plus-fixed-fee work done in 1943 was substantially greater than in 1942, and second; that in 1943 a far larger part of the total business of the consolidated Company was subject to renegotiation under the terms of the Federal Renegotiation Act; 80% in 1943 compared with 53% in 1942. Both of these circumstances acted to reduce your Company's profit.

In the statement of Profit and Loss appearing in the Preliminary Report to Shareholders for the Year 1943, issued on March 6, 1944, a charge was made against the year's profits in the amount of \$26,600,000 which was stated to be, in the opinion of the Management, "approximately adequate to provide for renegotiation and taxes on income as well as an additional sum as a reserve for contingencies to partially offset the as yet undetermined excess profits

tax post-war refund credit which will accrue to the Company." Though the Management's estimate then made of the amount of refund which would result from renegotiation was considered sufficient, based upon the information and experience then available, the Government's determination, now concluded, resulting from proceedings of actual renegotiation extending over a period of several months, was of a sum approximately \$3,000,000 in excess of the Company's estimate, or a total amount of \$12,522,802 before taxes. The Management of your Company, after a full discussion and an examination of all the facts presented by the Government and of precedents established in similar cases, decided to accept the Government's determination and agreed to the amount of the gross refund aforesaid.

Consolidated Sales as reported above for 1943 are shown reduced by the amount of the refund.

The excess profits tax post-war refund credit appears as an asset on the balance sheet and amounts to \$1,236,150 but inasmuch as this is less than anticipated because of the larger refund resulting from war contract renegotiation, and in view of earnings reduced for the same reason, no further sum has been added to contingency reserve, which remains in the amount of \$800,000.

After deducting preferred stock dividends of \$163,029, the remainder of net profit for 1943, \$4,677,128, was equivalent to \$3.67 per share on the 1,274,152 shares of common stock outstanding at the end of the year. This compares with a profit in 1942, before provision of reserve for contingencies, equivalent to \$5.01 per share on 1,028,766 shares outstanding on December 31st of that year, and with \$4.23 per share after provision of said reserve for contingencies in the amount of \$800,000.

Net current assets increased from \$12,294,826 on January 1, 1943, to \$14,172,715 at the end of the year.

On May 27, 1943, the Company called for redemption on August 2nd all of its outstanding 6% Convertible Refunding Mortgage Bonds, due in 1950, in the total amount of \$4,210,000. Of this

amount \$3,745,000 were converted into 243,425 shares of the Common Stock of the Company, the balance being redeemed in cash.

Inventories increased from \$28,612,172 at the beginning of the year to \$35,349,315 at the end of the year. More than 80% of the closing inventory is represented by work in process on customers' sales orders. During the last half of the year, inventories were checked by count or weight wherever possible, and in other cases by physical inspection and estimate. In the opinion of the Company's officers, inventories are conservatively valued through provision of reserves considered adequate for obsolescence or other deficiency.

Two dividends, each in the amount of 75 cents per share, were paid to the Common Shareholders during the year, the first on June 30th and the second on December 20th.

The regular 7% dividend at the rate of \$2.10 per share was paid on the outstanding preferred stock.

The Midvale Company paid dividends during the year amounting to \$1,198,710, of which Baldwin received \$737,400. Except for the said dividends, received by Baldwin, the figures in this report include none of the operations of The Midvale Company, a subsidiary, of which Baldwin owns 61.45% of the capital stock.

There are submitted herewith:

Consolidated Balance Sheet of The Baldwin Locomotive Works and Wholly Owned Subsidiaries, December 31, 1943.

Consolidated Statements of Profit and Loss and Surplus for the Year 1943.

Report of Auditors.

A copy of the annual report of The Midvale Company for the year 1943 is mailed with this report for further information as to the affairs of that company.

This report is submitted on behalf of the Board of Directors.

CHARLES E. BRINLEY,
Chairman of the Board.

December 20, 1944.

THE BALDWIN LOCOMOTIVE WORKS

CONSOLIDATED BALANCE

ASSETS

Current Assets:

Cash on Deposit and on Hand:

General Funds.....	\$7,698,511.37	
Employee Taxes and Bond Purchases.....	973,486.79	
Cash Advanced on Production Contracts in Process (deposited in special bank accounts, see contra).....	3,346,901.74	
Sundry Securities (value at market quotations, December 31, 1943, \$65,037.06) (Note 1).....	61,322.39	
Notes and Other Credit Instruments and Accounts Receivable due in 1944 (less reserve, \$172,665.24).....	17,679,368.94	
Inventories of Raw Materials, Supplies, Work in Process and Finished Products (less reserve, \$972,892.80) (Note 2).....	<u>35,349,315.12</u>	\$65,108,906.35

Notes and Other Credit Instruments and Accounts Receivable not realizable within one year (including past due foreign items, \$1,018,274.55, and less reserve, \$1,020,565.57).....	296,552.79
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Excess Profits Tax Post-War Refund Credit.....	1,236,150.08
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Investments:

General Steel Castings Corporation Common Stock (at cost less reserve, \$5,002,949).....	\$1.00	
The Midvale Company Stock (at cost less capital distribution) (Note 3).....	926,879.38	
Other Investments.....	<u>163,838.67</u>	1,090,719.05

Property, Plant and Equipment.....	\$57,733,931.75	
Less Reserves for Depreciation and Amortization.....	<u>25,416,301.35</u>	32,317,630.40

Deferred Charges.....	105,223.13
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\$100,155,181.80

See balance sheet notes on page 14, which are

AND WHOLLY OWNED SUBSIDIARIES

SHEET, DECEMBER 31, 1943

LIABILITIES

Current Liabilities:

Regulation V Loan (Note 4).....	\$14,000,000.00		
Other Bank Loans (Note 5).....	250,000.00		
Accounts Payable.....	17,803,335.98		
Employee Taxes and Bond Purchases.....	973,486.79		
Advances Received on Production Contracts in Process (including \$3,346,901.74 deposited in special bank accounts per contra).....	4,204,827.34		
Accrued Liabilities.....	3,538,530.65		
Provision for renegotiation of war contracts and Federal and Pennsylvania taxes on income for the year 1943 (Note 7)....	\$28,048,802.00		
Less U. S. Treasury Tax Notes.....	<u>17,882,791.80</u>	<u>10,166,010.20</u>	<u>\$50,936,190.96</u>

General Mortgage Bonds (Note 5):

4% Series due 1947, deposited as collateral for bank loans	\$5,732,000.00		
Reserved to reimburse Company for payment of First Mortgage Bonds matured May 1, 1940..	<u>2,295,000.00</u>		
	<u>\$8,027,000.00</u>		

Operating Reserves and Deferred Credits.....	\$1,771,031.64		
General Reserve.....	<u>267,774.83</u>	<u>2,038,806.47</u>	
Reserve for Contingencies.....		<u>800,000.00</u>	

Capital Stock and Surplus:

Preferred Stock 7% Cumulative, \$30 Par (liqui- dating and call value \$40 per share): Authorized 125,251.2 shares Issued 77,633 Shares (Note 9).....	\$2,328,990.00		
Common Stock, \$13 Par: Authorized 3,000,000 Shares Issued 1,274,152 Shares (Note 9).....	16,563,976.00		
(Reserved for exercise of Warrants, 618,402 shares. Note 10)	<u>\$18,892,966.00</u>		
Less Treasury Common Stock (254 shares)....	<u>3,302.00</u>		
	<u>\$18,889,664.00</u>		
Surplus, as per annexed statement, page 16:			
Capital Surplus.....	\$17,096,935.82		
Earned Surplus.....	<u>10,393,584.55</u>	<u>27,490,520.37</u>	<u>46,380,184.37</u>
			<u>\$100,155,181.80</u>

an integral part of this balance sheet.

BALANCE SHEET NOTES

(1) Sundry Securities include \$60,000 principal amount of U. S. Treasury 2½% bonds and notes at cost of \$61,184.39, deposited to secure, in accordance with the Workmen's Compensation Law of Pennsylvania, the payment of compensation on account of accidents.

(2) Inventories of raw materials and bulk supplies were priced at the lower of average cost or replacement market. Miscellaneous materials and parts and sundry supplies (upon a first-in, first-out basis) and work in process and finished products (upon the basis of specific items) were priced at cost or less, over 80% being covered by sales orders at prices in excess of inventory value, the remainder being valued conservatively in the opinion of the management by the provision of reserves considered adequate for obsolescence or other deficiency.

(3) The investment in capital stock of The Midvale Company consists of 368,700 shares representing 61.45% of the 600,000 shares outstanding. The market quotation for this stock was \$26.25 per share on December 31, 1943, equivalent at said per share price to \$9,678,375 for the shares owned by The Baldwin Locomotive Works. Baldwin's 61.45% equity in the total capital stock and surplus shown on the balance sheet of The Midvale Company amounted to \$10,906,650 as of December 31, 1943, and its equity in Midvale earnings for the year 1943 was \$1,521,406. Dividends received by Baldwin from The Midvale Company during 1943, amounting to \$737,400, were credited to profit and loss.

(4) Demand deposits aggregating \$599,354.74, accounts receivable aggregating \$3,928,520.95, and claims for moneys due or to become due under incomplete war production contracts aggregating \$16,472,124.31, were assigned as collateral for bank loans under Regulation "V" aggregating \$14,000,000 on December 31, 1943.

(5) General Mortgage Bonds, 4% Series due 1947, in the principal amount of \$5,732,000 were deposited as security for bank loans in the amount of \$250,000 as of December 31, 1943. Additional General Mortgage Bonds in the principal amount of \$2,295,000 originally reserved for use by the Company to reimburse it for payments made in retirement of the Company's First Mortgage 5% Bonds which matured May 1, 1940, have not yet been issued or used for said purpose.

(6) There were contingent liabilities on December 31, 1943 amounting to \$126,885.80 with respect to notes receivable discounted.

(7) Effect has been given in the accounts to agreement with the United States Government covering renegotiation of war contracts pursuant to the provisions of the Renegotiation Act.

(8) Incentive compensation for officers and other key employees, 410 in all, was provided in the amount of \$441,547.

(9) The amounts of issued preferred and common stock shown on the balance sheet, include the following shares issuable but not yet issued on December 31, 1943:

21 shares of Preferred Stock, 7% Cumulative, \$30 Par Value, held for payment of interest coupons matured on or before September 1, 1940, on Refunding Mortgage Bonds or for exchange for interest coupons on previously outstanding Consolidated Mortgage Bonds;

1,290 shares of Common Stock, \$13 Par Value, held for exchange for 430 shares of previously outstanding preferred stock; and

2,317 shares of Common Stock, \$13 Par Value, held for exchange for 23,167 shares of previously outstanding common stock.

(10) Outstanding warrants for the purchase of Common Stock, \$13 Par Value, at \$15 per share, expire September 1, 1945.

THE BALDWIN LOCOMOTIVE WORKS AND WHOLLY OWNED SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 1943

Sales.....		\$221,545,903.46
Less:		
Cost of Sales, including selling, administrative and general expenses.....	\$200,669,464.75	
Provision for Depreciation.....	1,415,914.92	
Amortization of Emergency Facilities.....	382,869.20	
		<u>202,468,247.87</u>
Operating Profit.....		\$19,077,655.59
Interest and Discount Received.....	\$303,246.14	
Miscellaneous Income.....	50,563.55	
		<u>353,809.69</u>
		\$19,431,465.28
Deduct:		
Interest.....	\$401,685.65	
Special Development Expense.....	575,388.44	
Miscellaneous Expenses.....	77,788.25	
		<u>1,054,862.34</u>
		\$18,376,602.94
Dividends Received, including \$737,400 from The Midvale Company ..		<u>774,054.00</u>
Profit before Taxes on Income ..		\$19,150,656.94
Provision for Federal and Pennsylvania Taxes on Income, including \$12,960,000 for Federal Excess Profits Tax ..	\$15,606,500.00	
Less Excess Profits Tax Post-War Refund Credit . . .	1,296,000.00	
		<u>14,310,500.00</u>
Net Profit ..		<u>\$4,840,156.94</u>

See balance sheet Notes 3, 7 and 8 which are an integral part of this statement of profit and loss.

THE BALDWIN LOCOMOTIVE WORKS AND WHOLLY OWNED SUBSIDIARIES

CONSOLIDATED STATEMENT OF SURPLUS FOR THE YEAR ENDED DECEMBER 31, 1943

Capital Surplus:

Balance January 1, 1943.....	\$16,512,538.82	
Excess of payments received for common stock upon exercise of warrants, over par value of the common stock issued therefor.....	3,922.00	
Excess of principal amount of bonds exchanged for common stock over par value of the common stock issued in the exchange.....	580,475.00	
	<hr/>	
Balance of Capital Surplus December 31, 1943.....		\$17,096,935.82

Earned Surplus since 1938:

Balance January 1, 1943.....	\$7,618,883.66	
Net profit for 1943.....	4,840,156.94	
	<hr/>	
	\$12,459,040.60	

Less dividends paid:

On preferred stock.....	\$163,029.30	
On common stock.....	1,902,426.75	
	<hr/>	
	2,065,456.05	

Balance of Earned Surplus December 31, 1943.....	10,393,584.55	
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Total Surplus December 31, 1943.....	<hr/>	\$27,490,520.37
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TO THE SHAREHOLDERS,
THE BALDWIN LOCOMOTIVE WORKS:

We have examined the consolidated balance sheet of The Baldwin Locomotive Works and its wholly owned subsidiaries as at December 31, 1943, and the consolidated statements of profit and loss and surplus for the year then ended, have reviewed the systems of internal control and the accounting procedures of the companies, and, without making a detailed audit of the transactions, have examined or tested accounting records and other supporting evidence, by methods and to the extent we deemed appropriate. It was not practicable to confirm receivables from United States Government departments and agencies, as to which we have satisfied ourselves by means of other auditing procedures. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of profit and loss and surplus present fairly the consolidated position of The Baldwin Locomotive Works and its wholly owned subsidiaries at December 31, 1943, and the consolidated results of their operations for the year 1943, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

LYBRAND, ROSS BROS. & MONTGOMERY

PHILADELPHIA, PENNA.
DECEMBER 18, 1944.

THE BALDWIN LOCOMOTIVE WORKS

SELLING ORGANIZATION

FRANK K. METZGER - VICE-PRESIDENT IN CHARGE OF SALES

ANDREW LISTON - MANAGER, MARINE PRODUCTS SALES

C. E. KRAEHN - MANAGER, HYDRAULIC TURBINE SALES

SALES OFFICES IN THE UNITED STATES

PHILADELPHIA 3, PA.	1154 Broad Street Station Building
CHICAGO 4, ILL.	627 Railway Exchange
ST. LOUIS 1, MO.	1010 Pine Street
WASHINGTON 5, D. C.	1036 Investment Building
NEW YORK 5, N. Y.	120 Broadway
BOSTON 10, MASS.	10 High Street
SAN FRANCISCO 10, CALIF.	2929 Nineteenth Street
HOUSTON 2, TEXAS	1817 Second National Bank Building
CLEVELAND 13, OHIO	2405 Terminal Tower Building
DETROIT 1, MICH.	403 Donovan Building
PITTSBURGH 19, PA.	489 Union Trust Building

CLYDE G. PINNEY - FOREIGN SALES MANAGER

EDDYSTONE, PENNSYLVANIA

FOREIGN AGENTS

ARGENTINA AND PARAGUAY.....	PASEO COLÓN 285, BUENOS AIRES, ARGENTINA.....	Fiore-Co.
AUSTRALIA.....	31 REIBY PLACE, SYDNEY, NEW SOUTH WALES. R. TOWNS & Co. Pty. Ltd. 470 FLINDERS STREET, MELBOURNE, C. I., VICTORIA....	Newell & Co. Pty. Ltd.
BRAZIL.....	EDIFICIO METROPOLF, AVENIDA PRESIDENTE WILSON, 165-3° ANDAR, RIO DE JANEIRO, BRAZIL....	Norton Megaw & Co., Ltd.
CHILE AND BOLIVIA.....	CASILLA 86-D, SANTIAGO, CHILE.....	Wesse! Duval & Cia., S. A. C.

FOREIGN AGENTS—(Continued)

CHINA.....	P. O. Box 40, CHUNGKING.....	Andersen, Meyer & Co., Ltd.
COLOMBIA.....	APARTADO POSTAL NO. 601, BOGOTA.....	C. E. Halaby & Co.
CUBA AND JAMAICA.....	APARTADO, 109, Havana. APARTADO 43, SAGUA LA GRANDE, CUBA.....	Fundición Macfarlane, S. A.
ECUADOR.....	CASSILLA 297, QUITO.....	Andino & Gonzalez
MEXICO.....	AVE. 16 DE SEPTIEMBRE 52, MEXICO, D. F.....	Mexargo, S. A.
MOZAMBIQUE, (P. E. A.).....	50 CHURCH ST., NEW YORK 7, N. Y..... (LOURENCO MARQUES, MOZAMBIQUE, P. E. A.).....	Frazar & Company P. Santos Gil & Co., Ltd.
NEWFOUNDLAND.....	154 DUCKWORTH STREET, ST. JOHNS.....	Harold A. Walsh & Co.
NEW ZEALAND.....	P. O. Box 366, WELLINGTON.....	Philips & Pike, Ltd.
PERU.....	APARTADO 146, LIMA.....	Pedro Martinto
PUERTO RICO AND DOMINICAN REPUBLIC.....	BANCO POPULAR DE PUERTO RICO, SAN JUAN, P. R..... (P. O. Box 1172)	Compañía Carrión, Inc.
SOUTH AFRICA.....	27 BURLINGTON HOUSE, RISSIK St., JOHANNESBURG.....	Arthur Trevor Williams (Pty.) Ltd.
URUGUAY.....	AVE. RONDEAU No. 2027, MONTEVIDEO (CASILLA DE CORREOS 532).....	Regusci & Voulminot
VENEZUELA.....	CARACAS (APARTADO 368).....	C. A. Armco Venezolana

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Divisional Vice-President

AMOS G. COLE
Works Manager

R. NEVIN WATT - General Sales Manager
CURTIS G. GREEN - SALES MANAGER, DIESEL LOCOMOTIVES
AND ENGINES

LOCOMOTIVES
STEAM ELECTRIC DIESEL
STEAM BOILERS
WELDED TANKS AND PLATE FABRICATION
ORDNANCE MATERIEL
DIESEL ENGINES FOR MARINE AND OTHER USES

PLANT AT BALDWIN
EDDYSTONE, PENNSYLVANIA

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JOHN D. TYSON
Divisional Vice-President and Sales Manager

EDWIN W. THOMAS
Works Manager

STEEL FORGINGS STEEL CASTINGS STEEL TIRES
WROUGHT STEEL WHEELS STEEL SPRINGS

PLANT
BURNHAM, MIFFLIN COUNTY
PENNSYLVANIA

BALDWIN SOUTHWARK DIVISION

FREDERICK G. SCHRANZ
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WATER POWER TURBINES HYDRAULIC PRESS MACHINERY
TESTING MACHINES SPECIAL MACHINERY
POWER TOOLS

PLANT AT BALDWIN
EDDYSTONE, PENNSYLVANIA

CRAMP BRASS AND IRON FOUNDRIES DIVISION

JAMES J. NELSON
Divisional Vice-President and Sales Manager

IRON, BRASS AND BRONZE CASTINGS
PARSONS' WHITE BRASS AND BABBITT METAL INGOTS

PLANT AT BALDWIN
EDDYSTONE, PENNSYLVANIA

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Incorporated under the Laws of the State of Delaware

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HAROLD V. HULEGUARD	Vice-President and General Manager
CHARLES E. ACKER	Secretary and Treasurer

HAROLD V. HULEGUARD
Sales Manager

INTERNAL COMBUSTION LOCOMOTIVES
FOR
INDUSTRIAL AND RAILWAY SERVICES

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FOR MARINE AND OTHER USES







Presentation of Army-Navy "E" Award, Eddystone, April 16, 1943

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1943
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